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DD/A 76-5997


Appropriation & Budget

3 DEC 1976

MEMORANDUM FOR: Comptroller
FROM : John F. Blake
Deputy Director for Administration
SUBJECT : The 1979 Program
REFERENCE : Memo to DDA, DDI, DDO & DDS&T from Comptroller
(DD/A 76-5903) dtd 22 Nov 76; same subj.

Information on selective topics requested by Attachment II
of reference for possible discussion at a 14 December Executive
Advisory Group (EAG) meeting is attached.

/s/ Michael J. Malonick

 John F. Blake

Att.

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DIRECTORATE OF ADMINISTRATION

1979 TOPICS

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A.

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B. Secure Voice

Past attempts to program and budget over a two or three year period for adequate secure voice facilities for the Agency have always failed because of the costs involved. As a result, the present phased program was prepared to spread the costs over a number of years. If additional funds were made

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available, acceleration of the program could be undertaken. A study would have to be performed to determine revised costs which probably would be very close to the spread costs shown in the FY-1978 program. The present program will achieve the objectives over a longer period of time.

C. Network Modernization

The major programs in this resource package are AFT and SKYLINK. SKYLINK is by far the more ambitious, costly and most effective program. This program will continue until circa 1982 when conversion of the network from high frequency radio will be virtually complete. Costs beyond 1982 will be essentially ongoing maintenance costs and costs for replacing obsolescent equipment or to take advantage of technological progress. FY-1979 represents the peak year for SKYLINK costs and thus the peak year for total resource package costs. Costs for the AFT program are expected to remain level for several years, while the other program, systems modernization, will fluctuate between [REDACTED] through FY-1981.

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The AFT program will enable automation of certain functions at large volume overseas posts which will result in reduction of positions at some posts and will preclude addition of positions at other posts over the long pull. One of the labor saving devices included in the AFT terminals is an optical character reader (OCR) which, when used in conjunction with teletype equipment, will automatically scan and poke traffic for transmission. Because of the advantages of this system the Office is separately purchasing several OCR's for early installation in some field stations to save manpower. Additional equipment will be added to these stations in later years to convert them to full AFT operation.

D. Foreign Message Network

Office of Communications has taken advantage of modern technological advances in recent years to hold network costs to a minimum. Productivity has increased dramatically since 1966 and significant reductions in personnel overseas have been accomplished. Although costs are still high, they are much lower than would be experienced if innovative programs had not been initiated. It is unfortunate that uncontrollable inflation overseas constantly offsets the significant gains we have made over the years and this point should be stressed whenever possible. The requirement for the Office to operate a reliable, rapid, secure worldwide network justifies the network costs. OC will continue to exploit all possible systems and techniques which might result in savings.

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G. Waste Disposal/Transformer Vault

Referent memorandum requested clarification of increases in FY 1979 projections. The attachment to referent specifically referred to a \$4.4 million increase in the OL program to cover procurement of an automated classified waste disposal system and construction of an additional transformer vault at Headquarters. It should be noted that the \$4.4 million increase is a combination of long-term projections in OL's FY 1977 Operating Plan dated 23 April 1976 plus some adjustments made at the DDA review of the OL FY 1978 Program Plan dated 3 June 1976. The 1977 Operating Plan and initial 1978 Program Plan showed a \$1.4 million increase between FY 1978 and FY 1979. The \$1.5 million classified waste project was deleted from FY 1978 and added to FY 1979, with a net swing of \$3 million and a resultant \$4.4 million difference between the years.

In order to analyze projected FY 1979 increases over FY 1978, it is necessary to look at all major engineering support projects for that year. Excluding engineering support increases, the net OL increase is approximately \$200,000, virtually all of which is attributable to personal services with some shifts between resource packages in operating expenses. Engineering support as now projected for FY 1979 includes \$2,720,000 for recurring reimbursables to GSA, \$2,400,000 for expansion of D vault, \$500,000 for electrical improvements to reduce short circuit limitations in B vault, and \$500,000 for HVAC at 2430 E Street. Also included is \$1,500,000 for classified waste disposal. The \$500,000 for HVAC at 2430 E Street will be dropped from the FY 1979 Program as a result of DDA direction in the FY 1978 review. The D vault expansion project anticipates continuing, significant increases in automation of Headquarters functions. When Project SAFE is completed, three of the Agency's four power vaults will be loaded to capacity. The expansion of D vault is essential to

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provide a capability to handle any future major automation of Headquarters functions. If the project is not approved, automation of functions could be delayed significantly, awaiting design and approval of necessary facilities modifications to support new programs. The classified waste disposal project is a carryover from a feasibility study completed in 1973 and updated in 1976. It recognizes the limitations in the existing [REDACTED] system and proposes a new system less labor intensive, environmentally acceptable, and with sufficient capacity to handle projected requirements. Deferral of this project will result in continued high operating costs plus increased risk of large accumulations of classified waste because of equipment limitations or breakdown. The \$500,000 projected for electrical improvements recognizes that B vault, the vault supporting the Agency's most critical loads, has reached its maximum capacity in current without exceeding short circuit safety devices. Reconfiguration and replacement of existing protective devices will reduce the risk of extensive equipment damage and provide the capability to fully utilize the current carrying capacity of existing switch-gear.

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H. Computer Operations

The Comptroller pointed out in his memorandum that many of the Resource Package Submissions in the FY 1978 Program have been affected by program changes and actual or organizational adjustments. ODP was reorganized in July 1976. Resource Packages were restructured between the FY 1978 Program submission and the FY 1978 OMB Budget submission. For this reason, we have addressed the issues from an overall ODP viewpoint while at the same time describing the principal issues involved in the former Computer Operations Resource Package which is now divided among 5 of the 10 ODP Resource Packages.

Ways in which the staff is heavily taxed and forced to seek extensive overtime:

- Three new computer systems have been installed, tested, and put into operation during 1976, providing needed improvements in the timeliness, quality, and reliability of computer services. These additional computers produce a heavy workload for engineers who must install the equipment, for systems programmers who must develop and install new operating software, for operators who must operate the equipment 24 hours a day, for production personnel who must adapt application programs to the new computers, and for data base managers who must control the large data bases which are stored and processed by these computers.
- The unprogrammed move of Applications and ADP training personnel to the [REDACTED] required ODP to set up a facility for remote job entry and output at this location. Line printers, card readers, and plotting equipment were installed, requiring a staff of 4 operators for 18 hour a day operations.

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- The CAMS computer has been installed along with 29 computer terminals, eight of which are located at non CIA facilities. This computer will require staffing for 24 hours per day operations beginning in December 1976. This system also poses special maintenance requirements in order to provide the high degree of systems reliability needed for the special activity being supported.
- Data base management functions are also increasing significantly as new administrative systems (GAS, FRS, CONIF, PERSIGN, etc.) are being established, maintained and interfaced.

In recent years ODP has been fairly successful in obtaining the funds required for additional computer equipment. However, staffing requests, which would have provided the necessary manpower for this equipment and processing workloads, have been reduced because of overall limitations on Agency personnel ceilings. The result has been increased overtime for available personnel. Contractor personnel has also been utilized where possible. It should be noted, however, that the Office of Security has recently raised strong objections to the use of contractor personnel for the operation of computer systems.

Ways in which the ODP burden might be affected by:

- a. Obtaining the position increases for 1979 originally requested in the FY 1978 Program submission

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The original request was for [REDACTED] positions in FY 1979 and [REDACTED] positions in FY 1978. With this staffing we could eliminate the CAM Facilities Management Contract programmed for FY 1979 [REDACTED] and provide sufficient staffing to virtually eliminate overtime and part time employees (approximately [REDACTED] in FY 1979). Ignoring increases related to SAFE development, the increased number of positions over the current FY 1977 authorization amounts to [REDACTED] positions. At an estimated average salary of \$19,000 per position the increased funding for these positions would be [REDACTED]. This is [REDACTED] more than the CAMS facility contract, overtime, and part time employees will cost. However, when these alternatives are weighed against increased staff one finds that they have the following disadvantages:

- Reduced efficiency from overworked employees. In some instances employees are working over 50 extra hours per pay period.
- Less man hours provided per dollar of wages or contract cost expended.
- Increased administrative overhead for scheduling employee work periods and administering contracts.

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- b. Obtaining the lesser increases for 1979 which were incorporated in the 1978 Budget Estimates:

The OMB Budget incorporated the following reductions from the Program Submission:

	<u>Program</u>	<u>OMB</u>	<u>Reduction From Program</u>
FY 1979			
FY 1978			
Increase in FY 1979			

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The increase of 23 positions in the OMB Budget includes 9 SAFE related positions, thus there is an increase of only 14 positions for the types of increased workload described above which will continue into FY 1979. For example, two additional IBM 370/168 computers are planned in FY 1978 and another in FY 1979. Our estimate is that this additional staff (14 positions) will not produce a downward trend in the use of overtime and part time employees.

- c. Obtaining no increases at all over the 1978 levels:

Because computer service is in great demand throughout the Agency and the ODP mission requires that it provide this service, there has been a constant growth in ODP funds and positions. Unless the current review of ADP, in which the Comptroller and ODP are directly involved, produces recommendations which significantly alter the projected needs of ODP by 1979, ODP would have to use the following alternatives to increased staff to meet the projected manpower requirements:

- overtime
- temporary employees
- contractor support
- reduced level of service

The first three of these alternatives are being used now. They would have to be used more extensively, if no increases in personnel were allowed in FY 1979. This would require additional funding. The last alternative presents difficult management judgements when it becomes necessary to identify which user requirements will not be satisfied.

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25X1A I. [REDACTED]

OTR projects no requirement for use of [REDACTED] for training or other purposes and accordingly has no views on either its continued operation or management.

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As regards general OTR plans for FY 1979, a review of training requirements levied on OTR shows a constantly increasing demand for greater variety of courses and more runnings. At the same time, the personnel ceiling for OTR has, with the exception of an additional ten positions in FY 1977 to conduct the Military Operations Training Course, showed a steady decline. OTR has been able to increase production while decreasing personnel resources through a combination of better management and a substitution of expertise formerly maintained in OTR by guest speakers from elsewhere in the Agency. Our experience over the past year has indicated, however, that the ability of OTR to absorb additional work without concurrent increases in staff has come to an end. In the past six months, we have been faced with several requirements for new programs or courses which have been put on the deferred list until such time as personnel could be reallocated through the elimination of other tasks. Unfortunately, the clientele served by each of the 63 formal OTR courses is very tenacious in resisting proposals to cut out a program or a course.

As we stand at the beginning of FY 1977 and look toward the 1979 program, it is obvious that the trend of increasing requirements for training will continue unabated. Some of these can be forecast with a good deal of accuracy based upon inquiries or studies directed by the DDCI and other senior management. Others are more tenuous at this standing. New requirements which will generate a need for additional personnel and personal services costs include:

- Training for CIA intelligence analysts and possibly analysts from other intelligence agencies.
- The transfer to OTR of responsibility for counter intelligence training and an expansion of such training.
- Development of a clerical training program, including an orientation course for new clerical employees.
- A greatly expanded program of instruction in writing, particularly for the Operations Directorate.
- A continued growth in agent and liaison training, training for the new Pilot Project in the safehouse mode, and an as yet undefined responsibility for training of the new Clandestine Corps.
- Requirements for information science and computer-related training which will cover both the new CAMS program and the SAFE projects.

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** Item recommended for EAG discussion - not included in
Comptroller attachment:

Building Planning Staff/OL:

Can a new building be successfully justified to Congress? This will require detailed studies of our needs, the costs, and potential benefits.

Last year in the FY 1978 Program Review, the Comptroller recommended the reestablishment of the Building Planning Staff in Logistics and total funding of \$950,000 (5 ceiling positions and \$750,000 for an architectural and engineering feasibility study). However, before the FY 1978 Budget (OMB) was prepared, this recommendation was withdrawn by the Comptroller and funds were deleted from the FY 1978 Budget.

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REFERENCE

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology

SUBJECT: The 1979 Program

1. The DDCI believes the Agency can and must improve its long range planning. He wants more time for thoughtful consideration of important program issues before they are formally presented in the budget context. The need is all the more pressing because the Committee on Foreign Intelligence (CFI) intends to provide guidance levels on total resources even before we compile our initial budget estimates for the Program Year.

2. Accordingly, we have scheduled a 14 December EAG meeting to discuss selected issues pertinent to the 1979 budget. We plan to present the EAG with a limited number of specific issues or topics on which guidance is desirable, as well as an analytical paper discussing the impact on the overall 1979 program of alternative policy decisions on the various topics.

3. We have used the 1979 projections, by resource package, contained in the 1978 Program Submissions as the basis for selecting potential areas for discussion, analysis of program impact, and conformity with CFI guidance. Of course, many of the package submissions have been affected by program changes and by actual or organizational adjustments. But the submissions formed the basis of the tentative guidance figures we have received from the CFI, and, in any case, they are the only comprehensive 1979 data we have.

4. Attached to this memorandum are some potential discussion topics pertinent to your Directorate. We have provided explanations, most of them quite brief, of why we believe the proposed topics may be suitable for EAG examination.

5. The next step is yours. On the topics we have selected, we would like to have any additional details you can provide on specific plans for 1979 and on proposed personnel and funding levels, as well as your comments on any policy issues involved. Moreover, we would welcome your comments on any other topics or issues you wish to raise. In particular, we would like to know about any major expansion in individual resource packages which is now contemplated but has not previously been surfaced with us. We need these inputs by c.o.b. 1 December.

6. With your responses in hand, we will select topics for EAG discussion and prepare the necessary papers for the EAG meeting on 14 December.

7. We see two likely results of the EAG discussions. On a general level, if the EAG concludes that the existing, tentative CFI guidance figure for 1979 is too low, we will negotiate an adjustment with the IC Staff prior to the issuance of revised guidance figures in January. More specifically, EAG policy and program decisions will be incorporated in guidance documents to be provided to you before you prepare your formal Program Submissions for 1979.

8. We want to emphasize that at this stage we are not asking you to take a firm position on any part of the 1979 Program. But the DDCI wants an opportunity to begin discussion of major 1979 resource questions now. The CFI will issue guidance in January. And any steps we can take now toward thinking ahead for 1979 will ease the pressures on the decision-making process that will confront us--and you--next July.

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James H. Taylor
Comptroller

Attachments:

- I. 1979 Topics--DDS&T
- II. 1979 Topics--DDA
- III. 1979 Topics--DDI
- IV. 1979 Topics--DDO

DDA Distribution:

Orig w/Att II - DDA Subject

~~1~~ w/Att II - C/MAS

1 w/Att II - C/BS

- 1 - D/CO w/Items A, B, C, & D of Att II
- 1 - D/OHP w/Item E of Att II
- 1 - D/Log w/Item G of Att II
- 1 - D/Sec w/Items B, E, & F of Att II
- 1 - DIR w/Items A & I of Att II

1979 Topics--DDA

A. [REDACTED]

B. Secure Voice

This program is now phased over some 6 to 8 years due largely to constraints on available resources. The more rapid implementation of secure voice capabilities would seem to be in the best interests of the Agency. Can a persuasive case be made to speed up the program, and what would be the revised cost? Should attempts be made to seek the resources required to complete the program earlier than now scheduled?

C. Network Modernization

A more detailed discussion of 1979 plans for this resource package would be useful, with particular attention to the Automated Field Terminal program. Current OC estimates indicate that network modernization costs will peak in 1979.

D. Foreign Message Network

While recognizing that the major portion of the costs associated with this activity involve [REDACTED] Congressional interest in the Agency's involvement in the [REDACTED] and pressures to reduce overseas operating costs suggest that the resources for the network will continue to be a target for external examination. Is there any way we can begin now to strengthen our justification for the considerable resources, both positions and funds, invested in this activity?

E. Technical Security

A current examination and re-evaluation of the [REDACTED] might be of some value. The examination should address not only the effectiveness of the current equipment, but also the implications for the future, including the budgetary impact.

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F. Polygraph

There is current concern about a possible Congressional prohibition on the non-operational use of the polygraph. The Office of Security clearly must have already examined the implications of this possibility, along with possible alternatives. The results of efforts in this regard might appropriately be surfaced in order that budgetary implications, if any, might be assessed.

G. Waste Disposal/Transformer Vault

In the latest Program Submission, the Office of Logistics requested substantial funding for 1979 (about \$4.4M) to cover procurement of an automated classified waste disposal system and construction of an additional transformer vault at headquarters. We need a fuller justification of these requests and a statement of the consequences if the requests are not approved.

H. Computer Operations

The current review of ADP, in which the Comptroller and ODP are directly involved, may produce recommendations which will significantly alter the projected needs of ODP by 1979. With that caveat in mind, we would like ODP to provide us, as far as possible, with details on the ways in which the staff is, as stated in the 1978 Program Submission, "heavily taxed" and forced to seek "extensive overtime." It would also be useful if ODP could discuss the ways in which this burden might be affected by: (1) obtaining the position increases for 1979 originally requested in the 1978 Program Submission; (2) obtaining the lesser increases for 1979 which were incorporated in the 1978 Budget Estimates; or (3) obtaining no increases at all over the 1978 levels.

25X1A I. [REDACTED] (OTR)

We have sought from DDS&T's OTS more information than we now have concerning: (1) justification for the continued operation of this facility; and (2) the pros and cons of having OTS, rather than OTR, manage it. Does OTR have views on this subject?

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